

Executive Summary Report

Appraisal Date 1/1/02 - 2002 Assessment Roll

Specialty Name: Hotels/Motels

Sales – Improved Analysis Summary:

Number of Sales: 47

Range of Sales Dates: 1/99 – 2/02

Sales – Ratio Study Summary:

	Improved Value	Sale Price	Ratio	COV
2001 Value	\$3,027,700	\$3,173,200	95.40%	15.18%
2002 Value	\$2,975,700	\$3,173,200	93.80%	16.07%
Change	-\$52,000		-1.60%	+0.89%
% Change	-1.72%		-1.68%	+5.86%

Sales used in Analysis: 47 sales were verified as open-market transactions and considered in the valuation. Multi-parcel sales verified as good were used, displaying a total value for all parcels in the sale.

Population - Parcel Summary Data:

	Land	Imps	Total
2001 Value	\$484,712,200	\$1,719,712,839	\$2,204,425,039
2002 Value	\$504,636,000	\$1,544,457,000	\$2,049,093,000
Percent Change	+4.11%	-10.19%	-7.05%

Number of Parcels in the Population: 304

Conclusion and Recommendation:

The values recommended in this report reflect the market in 2001. After September 11th the travel industry suffered. With less travel, the occupancy rate fell in all the major hotels/motels. Recognizing the lower occupancy resulted in less income attributable to the property, which resulted in lower values. Applying these lower values to the sales, 44 of which sold before the September 11th, caused the level of assessment (or ratio) to decline from 95.40% of the market value to 93.80%. We will continue to further monitor this industry as people begin to travel again.

Also, in the past, there have been seven models used to try and capture the different nuances of a changing industry. As additional types of units came into the marketplace, it was necessary to increase our number of models to eleven.

Analysis Process

Specialty and Responsible Appraiser

Specialty Area – 160 - Hotels/Motels

The following Appraiser did the valuation for this specialty.

Name: Carol J. Venetiou – Job Title: Senior Commercial Appraiser

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.





As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000.00 is assigned to the improvements.

Standards and Measurement of Data Accuracy:

Special Assumptions, Departures and Limiting Conditions

The sales comparison, income and cost approaches to value were considered for this mass appraisal valuation.

The following Departmental guidelines were considered and adhered to:

-  Sales from 1/99 to 1/02 (at minimum) were considered in all analyses.
-  No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of two years of market information without time adjustments averaged any net changes over that time period.
-  This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.
-  The commercial appraisers have carefully considered the impact of the national and regional economy on King County's commercial real estate market. The terrorist events of September 11, 2001 as well as changes in the software, high tech and aircraft manufacturing businesses have been considered. While sales activity over several years has been analyzed, primary consideration was given to current economic conditions including vacancy and rental rates. In some areas, this may have an impact on sales price to assessed value relationships including coefficients of variation and ratios. In all cases, properties were valued uniformly with similar properties.

Identification of the Area

Name or Designation: Hotels/Motels

Boundaries: All Hotels/Motels in King County

This year more than 50% of the South-end hotels were physically inspected and photographed. The exact count of eighty-six hotels and motels were inspected along Pacific Highway South, also referred to as International Blvd. S, and along Highway 167. The properties are located in Federal Way, the SeaTac Airport area, Kent and Renton.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

Market Regions:

The Hotel Specialty has been segmented into four market regions for King County. The following is a brief description of each market region.

Downtown Hotels & Motels

This is primarily the Seattle CBD geographic boundary. The region extends from Lower Queen Anne on the north to Safeco Field on the south, from Puget Sound on the west to Lake Washington on the East. There are presently 60 hotels and motels in this area.

Greater Eastside Hotels & Motels

This region is comprised of all properties located east of Lake Washington from the Bellevue city limits all the way north to the county line. This includes Mercer Island, Bellevue, Issaquah, North Bend, Snoqualmie, Kirkland, Redmond, Woodinville, and Bothell. There are 50 hotels and motels in this region.

Northend Hotels & Motels

All properties west of Lake Washington and from the University District north are in this region. Most of the motels are located along the Aurora Strip. There are 59 hotels and motels in this area.

Southend Hotels & Motels

Properties located within West Seattle, Renton, Tukwila, Southcenter, Kent, SeaTac, Auburn, and Federal Way generally describe this region. A majority of the hotels and motels are along Pacific Highway S., also called International Blvd. S, and Highway 167. This is the largest market region with over 135 hotels and motels.

Hotel & Motel Types:

Hotels and motels have been segregated into three major types. Several models have been made for each type based on room rate and number of rooms. More models were developed this year to address the many variables. The following is a brief description of each type of hotel or motel.

Economy/Limited-Service Hotels/Motels

Hotels with “rooms only” operation and no food and beverage except possibly continental breakfast; lower-tier pricing. Does not offer restaurant, lounge, or banquet service. Most limited-service hotels are very dependent on their chain affiliation for consumer recognition, reservation contribution, and a perception of quality. There are three models for this category. One model for a room rate of under \$50.00, another model for room rates of \$50.00 to \$70.00, and one more model for over a \$70.00 room rate.

Suite Hotels/Motels

A hotel in which all rooms have “separate,” but not necessarily physically divided, “sleeping and living areas”. Traditional all-suite hotels do benefit from earning additional revenues from restaurant, lounge, and/or banquet facilities. Hotels with rooms that generally include work stations with two-line phones, access to fax machines; mid and upper-price hotels include kitchenettes, separate lounging area; weekly rates. Extended Stay Hotels are not included in this category since they have neither food or beverage revenue. There are three models for this category. One model for a room rate of under \$80.00, another model for \$80.00 to \$105.00, and the third model for over \$105.00 room rate.

Full-Service Hotels/Motels

Hotels with restaurant and lounge facilities, meeting space, and a minimum service and amenities level; moderate to lower upper-tier pricing. Also includes high-quality hotels offering personalized guest services typically with extensive amenities; upper-tier pricing; includes even four and five-star resorts. There are five models for this category of hotel. The first three models are for hotels with less than 125 rooms. The first model is for room rates under \$70.00, the second for room rates \$70 to \$100, the third for room rates over \$100. The fourth model is for room rates over \$75 with 125-200 rooms, and the fifth model for room rates over \$75 and over 200 rooms.

Economic Conditions

Limited-service lodgings have a greater dependence on leisure travelers. Full-service lodgings rely heavily on the business travel market. Short-term airline disruption, concerns about safety and inconvenience, and business pessimism were a few leading causes for the drop in both leisure and corporate travel after September 11th, 2002.

Under the present adverse conditions, plans are beginning to build a 24-story hotel and condominium tower on the old Warshal’s site, at First and Madison in downtown Seattle. Marriott is already constructing a 358-room hotel on Alaska Way between Lenora and Blanchard streets.

Preliminary Ratio Analysis

A Preliminary Ratio Study was done January 8, 2002.

The study included sales of improved parcels and showed a COV of 15.18%.

An additional Ratio Study was completed after deriving the recommended values for 2002. The results are included in the validation section of this report and show a change in the COV from 15.18% to 16.07%. This is a reflection of the travel conditions at the end of 2001 and the addition of several new income models.

Land Value

Land Sales, Analysis, Conclusions

The respective geographic appraiser valued land.

A list of vacant sales used and those considered not reflective of market are included in the geographic appraiser's reports.

Improved Parcel Total Values:

Sales comparison approach model description

The model for sales comparison was based on several data sources from the Assessor's records; whether a full or limited service hotel, number of rooms, year built, sale date, sale price, and sale price per room. A search was made on data that most closely fit a subject property within each geographic area. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field, or calling the real estate agent. Characteristic data was verified for all sales if possible. Sales are listed in the "Sales Used" and "Sales not Used" attachments to this report.

Sales comparison calibration

After an initial search for comparable sales within each geographic area a search is made in neighboring areas and expands to include all of the county and nation if necessary.

Cost approach model description

A cost approach was done on all hotels and motels with an automated Marshall & Swift Commercial Estimator. Depreciation was also based on studies done by Marshall & Swift Valuation Service. The cost was adjusted to the western region and the Seattle area.

Cost calibration

Each appraiser valuing by cost can individually calibrate Marshall-Swift valuations to specific buildings in our area by accessing the computerized valuation model supplied by Marshall & Swift.

Income capitalization approach model description

Eleven income models were developed for income capitalization of hotels/motels. Each model is specific and is used for any hotel/motel depending on number of rooms, average daily rate, full, limited service, or suite hotel. All expenses used in the eleven models were obtained from industry averages compiled by PKF (Panell Kerr Forster-Trends in the Hotel Industry-2001 Edition). Model examples are contained in the Sample Worksheet Section.

Income approach calibration

Each hotel and motel was valued on an individual basis. All values were then reviewed and calibrated to market tendencies.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the speciality appraiser for correctness before the final value was selected.

Model Validation

Total Value Conclusions, Recommendations and Validation:

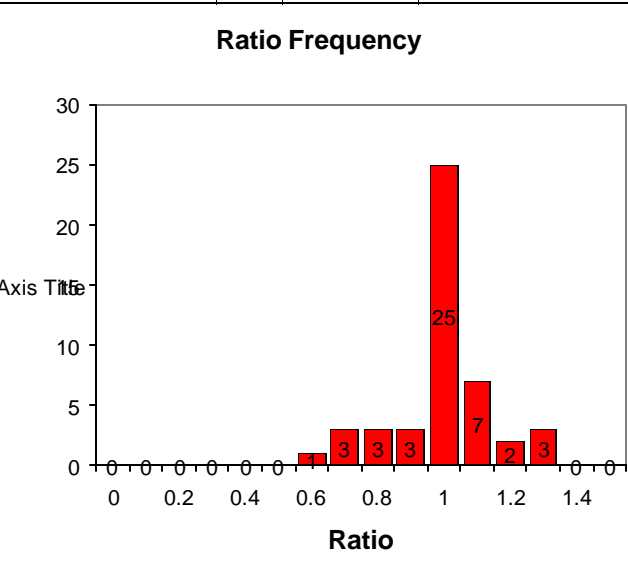
Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The Speciality Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

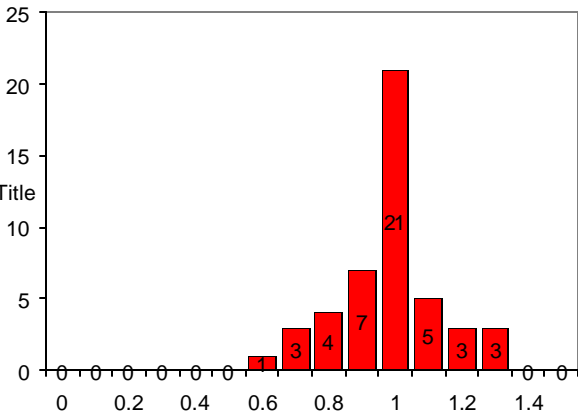
Application of the recommended values for the 2002 assessment year (taxes payable in 2003) results in an average total change from the 2001 assessments of -7.05%. This decrease is primarily due to economic conditions faced by the Seattle area travel industry.

Note: More details and information regarding aspects of the valuations and the report are retained in the working files and folios kept in the appropriate district office.

Present Improvement Value Calculation for Area 160

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
East Crew	1/1/2001	6/3/2002	1/1/99 - 02/26/02	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
160	CVEN	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	47	<div>Ratio Frequency</div>  <p>Axis Title</p> <p>Ratio</p> <p>These figures reflect current sales and their effect on the previous assessed values</p>		
Mean Assessed Value	3,027,700			
Mean Sales Price	3,173,200			
Standard Deviation AV	2,828,982			
Standard Deviation SP	2,858,901			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.951			
Median Ratio	0.967			
Weighted Mean Ratio	0.954			
UNIFORMITY				
Lowest ratio	0.5483			
Highest ratio:	1.2601			
Coefficient of Dispersion	9.97%			
Standard Deviation	0.1443			
Coefficient of Variation	15.18%			
Price-related Differential	1.00			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.944			
Upper limit	0.990			
95% Confidence: Mean				
Lower limit	0.910			
Upper limit	0.992			
SAMPLE SIZE EVALUATION				
N (population size)	304			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.1443			
Recommended minimum:	30			
Actual sample size:	47			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	19			
# ratios above mean:	28			
z:	1.166919932			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Merge Improvement Ratio Calculation for Area 160

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																		
East Crew	1/1/2002	6/3/2002	1/1/99 - 02/26/02																		
Area	Appr ID:	Prop Type:	Trend used?: Y / N																		
160	CVEN	Improvement	N																		
SAMPLE STATISTICS																					
Sample size (n)	47	<div>Ratio Frequency</div>  <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.6-0.7</td><td>1</td></tr><tr><td>0.7-0.8</td><td>3</td></tr><tr><td>0.8-0.9</td><td>4</td></tr><tr><td>0.9-1.0</td><td>7</td></tr><tr><td>1.0-1.1</td><td>21</td></tr><tr><td>1.1-1.2</td><td>5</td></tr><tr><td>1.2-1.3</td><td>3</td></tr><tr><td>1.3-1.4</td><td>3</td></tr></tbody></table>		Ratio	Frequency	0.6-0.7	1	0.7-0.8	3	0.8-0.9	4	0.9-1.0	7	1.0-1.1	21	1.1-1.2	5	1.2-1.3	3	1.3-1.4	3
Ratio	Frequency																				
0.6-0.7	1																				
0.7-0.8	3																				
0.8-0.9	4																				
0.9-1.0	7																				
1.0-1.1	21																				
1.1-1.2	5																				
1.2-1.3	3																				
1.3-1.4	3																				
Mean Assessed Value	2,975,700																				
Mean Sales Price	3,173,200																				
Standard Deviation AV	2,804,932																				
Standard Deviation SP	2,858,901																				
ASSESSMENT LEVEL																					
Arithmetic mean ratio	0.933																				
Median Ratio	0.943																				
Weighted Mean Ratio	0.938																				
UNIFORMITY																					
Lowest ratio	0.5396																				
Highest ratio:	1.2527																				
Coefficient of Dispersion	11.18%																				
Standard Deviation	0.1500																				
Coefficient of Variation	16.07%																				
Price-related Differential	1.00																				
RELIABILITY																					
95% Confidence: Median																					
Lower limit	0.907																				
Upper limit	0.966																				
95% Confidence: Mean		These figures reflect current sales and current assessed values.																			
Lower limit	0.891																				
Upper limit	0.976																				
SAMPLE SIZE EVALUATION																					
N (population size)	304																				
B (acceptable error - in decimal)	0.05																				
S (estimated from this sample)	0.1500																				
Recommended minimum:	32																				
Actual sample size:	47																				
Conclusion:	OK																				
NORMALITY																					
Binomial Test																					
# ratios below mean:	21																				
# ratios above mean:	26																				
z:	0.583459966																				
Conclusion:	Normal*																				
*i.e., no evidence of non-normality																					

Improvement Sales for Area 160 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
160	020	797820	0070	3,396	1870365	\$389,000	02/26/02	\$114.55	RIDGE CREST MOTEL	RS7.2	1	2	
160	020	536720	0695	15,943	1866859	\$2,355,000	02/06/02	\$147.71	MAX IVOR MOTEL	IG2U/85	1	2	
160	020	215640	0322	9,419	1849112	\$800,000	10/11/01	\$84.93	3 BEARS MOTEL	HC	1	2	
160	000	775980	0020	9,624	1839148	\$1,230,000	08/29/01	\$127.81	APTS	GWC	1	2	
160	000	334040	3325	61,931	1825221	\$7,541,172	06/15/01	\$121.77	SPRINGHILL SUITES	CO	1	2	
160	000	334040	3334	37,855	1825224	\$10,630,959	06/15/01	\$280.83	TOWNE PLACE SUITES	CO	2	2	
160	020	199120	0730	70,627	1821659	\$8,680,000	06/01/01	\$122.90	SEATTLE INN	NC3/85	1	2	
160	020	099300	1825	17,054	1821105	\$2,128,821	05/24/01	\$124.83	EMERALD INN	C165	1	2	
160	020	332304	9162	32,394	1817819	\$5,850,000	05/14/01	\$180.59	DAY'S INN	CB	1	2	
160	020	215640	0200	26,160	1816319	\$1,625,000	05/01/01	\$62.12	VALU INN SEA TAC	HC	1	2	
160	020	797880	0140	12,324	1805247	\$950,000	03/12/01	\$77.09	NEW HORIZON MOTEL	CC	1	2	
160	020	302604	9070	5,022	1803224	\$1,500,000	02/27/01	\$298.69	SEALS MOTEL	C165	1	2	
160	020	525430	0015	7,100	1804341	\$770,000	02/27/01	\$108.45	SHORELINE MOTEL	CG	1	2	
160	020	213620	0607	6,804	1802580	\$942,344	02/23/01	\$138.50	AERO MOTEL & APARTMENTS	IG2U/85	1	2	
160	020	092304	9153	59,598	1802674	\$5,441,000	02/22/01	\$91.30	RED LION	MH	1	2	
160	020	282304	9190	27,216	1804462	\$5,874,467	01/31/01	\$215.85	ALLSTAR INN	CB	1	2	
160	020	004000	0190	7,586	1795723	\$1,000,000	01/05/01	\$131.82	MOONRISE INN MOTEL	C2	1	2	
160	020	282304	9114	77,780	1793428	\$7,869,000	12/08/00	\$101.17	RED ROOF INN	CB	1	2	
160	020	775780	0010	62,211	1791470	\$6,400,000	11/27/00	\$102.88	CYPRESS INN MOTEL	GWC	1	2	
160	020	161000	0270	7,486	1786577	\$1,100,000	11/10/00	\$146.94	JET INN MOTEL	C2	1	2	
160	000	219760	0435	46,095	1776630	\$6,700,000	09/12/00	\$145.35	EXECUTIVE EXTENDED STAY	MR	1	2	
160	000	065900	0775	46,250	1773021	\$7,760,000	08/25/00	\$167.78	SIXTH AVE MOTOR MOTEL	3 DOC2	1	2	
160	020	881740	0055	52,048	1765289	\$11,250,000	07/17/00	\$216.15	MEANY TOWER HOTEL	NC385'	3	2	
160	020	526330	0826	11,563	1764257	\$1,482,500	06/29/00	\$128.21	LA HACIENDA MOTEL	IG2U/85	1	2	
160	020	011410	1230	8,034	1751858	\$900,000	05/04/00	\$112.02	KENMORE INN		1	2	
160	020	152204	9046	6,140	1750846	\$894,000	04/28/00	\$145.60	CENTURY MOTEL	CG	1	2	
160	020	344500	0070	18,212	1750898	\$2,567,000	04/25/00	\$140.95	HOWARD JOHNSON MOTEL	CG	1	2	
160	020	536720	0695	15,943	1747537	\$1,600,000	04/17/00	\$100.36	MAX IVOR MOTEL	IG2U/85	1	2	
160	020	332304	9142	36,648	1744507	\$3,970,000	03/30/00	\$108.33	TRAVEL LODGE SEA TAC	CB	1	2	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
160	020	302604	9070	5,022	1736346	\$1,540,000	02/15/00	\$306.65	SEALS MOTEL	C165	1	2	
160	020	095200	8175	20,709	1733182	\$2,400,000	01/18/00	\$115.89	TRAVEL LODGE - WEST SEATTLE	C1 65'	1	2	
160	020	643000	0810	18,678	1732169	\$1,705,000	01/13/00	\$91.28	EVERSPRING INN	C140'	1	2	
160	020	438920	0090	17,100	1732581	\$2,350,000	01/05/00	\$137.43	LA RESIDENCE APT HOTEL	R30	1	2	
160	020	232204	9068	34,786	1730680	\$2,800,000	01/04/00	\$80.49	DAYS INN	GC	1	2	
160	020	197720	0885	31,980	1715752	\$3,086,200	10/13/99	\$96.50	COMMODORE HOTEL	DMC240	1	2	
160	020	215640	0220	15,124	1714281	\$1,060,000	09/30/99	\$70.09	LEGEND MOTEL	HC	1	2	
160	000	000080	0048	27,870	1715929	\$2,260,000	09/27/99	\$81.09	COMFORT INN	C3	1	2	
160	020	213620	0607	6,524	1709600	\$750,000	09/09/99	\$114.96	AERO MOTEL	IG2U/85	1	2	
160	020	797880	0140	12,324	1705802	\$750,000	08/20/99	\$60.86	NEW HORIZON MOTEL	CC	1	2	
160	020	282304	9114	82,186	1704790	\$7,000,000	08/16/99	\$85.17	RED ROOF INN	CB	1	2	
160	020	200900	4755	32,388	1702611	\$2,400,000	07/30/99	\$74.10	MARINA INN SUITES	BC	1	2	
160	000	775980	0020	9,624	1700766	\$1,016,439	07/27/99	\$105.62	GOLDEN KENT MOTEL	GWC	1	2	
160	020	344500	0190	13,512	1699350	\$2,109,000	07/22/99	\$156.08	MINI-RATE MOTEL	ML	1	2	
160	020	001250	0030	16,532	1699408	\$975,000	07/21/99	\$58.98	KINGS MOTEL	BCH	1	2	
160	000	172104	9078	18,573	1688474	\$2,150,000	05/25/99	\$115.76	SUNNYSIDE TRAVELODGE	CC	1	2	
160	020	250060	0395	9,734	1673709	\$1,090,000	03/18/99	\$111.98	NEW BEST MOTEL	GC	1	2	
160	020	334330	1120	35,608	1672708	\$3,500,000	02/18/99	\$98.29	TRAVELLERS INN	CB	1	2	

EXCEPTION HOTELS		
MAJOR #	MINOR #	REASON
026300	0085	Add market value
026300	0085	add Crown Market
042204	9092	includes tax lots 9099, 9190, & 9160
066000	0825	subtract out land value on minor 0820
66000	2680	subtract out land value on minor 2685
067310	0093	includes minors 0092 & 0098
072604	9079	Land value plus \$1,000 for imp.
092104	9328	parking on minor 9320
099300	1685	Land value plus \$1,000 for imp.
102405	9045	Land value plus \$1,000 for imp.
132104	9113	Economic unit includes tax lot 9112
152605	9047	Includes leasehold Herb Farm Rest.
160450	0010	a condominium includes minor 0020
172305	9077	Land value plus \$1,000 for imp.
193130	0450	Land value plus \$1,000 for imp.
193130	0775	VACANT Cost Only
197720	1035	Land value plus \$1,000 for imp.
199120	0940	parking on minor 0935
276830	0935	VACANT Cost Only
276830	0940	VACANT Cost Only
302408	9064	parking on minor 9080
302604	9050	Land value plus \$1,000 for imp.
302604	9098	Land value plus \$1,000 for imp.
312604	9034	Land value plus \$1,000 for imp.
322505	9024	Minus land on 254320-0041
322505	9119	plus AZTECA & office bldg.
322505	9158	Imp. Value @ \$1000 -all land value
332304	9027	Economic unit includes tax lot 9200
352890	1186	Land value plus \$1,000 for imp.
352890	0665	storage bldg. @ cost
352890	0675	Land value plus \$1,000 for imp.
359700	0005	includes Acct.# 000320-0006
388580	8745	includes Acct. # 388580-8730
510140	7559	Land value plus \$1,000 for imp.
619500	0030	70% value on 619500-0030 & 30% on 679212-0010-2 condos.
701100	0010	two condominium units
766620	2317	minus land on minors 2310, 2312, & 2315
881740	0055	minus land on minor 0025 & 773360-0020

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is

being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.